

Message Text

CONFIDENTIAL POSS DUPE

PAGE 01 LONDON 03970 01 OF 06 291216Z

43

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

FRB-02 IO-14 NEA-10 OPIC-12 LAB-06 SIL-01 SWF-02

SSO-00 NSCE-00 USIE-00 INRE-00 PA-04 PRS-01 OIC-04

DRC-01 /221 W

----- 009045

O R 291202Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9145

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 6 LONDON 03970

STATE ALSO FOR T/IEP

E.O. 11652: GDS

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 03970 01 OF 06 291216Z

SUBJECT: ECG - UK PAPER ON RELATIONS WITH PRODUCERS
OTHER CONSUMERS AND DEVELOPING COUNTRIES

REF: OECD PARIS 7741

1. FCO HAS PROVIDED US WITH UK PAPER ON RELATIONS WITH PRODUCERS, OTHER CONSUMERS AND DEVELOPING COUNTRIES. PAPER DISCUSSES (A) SHAPE OF PRODUCER/CONSUMER CONFERENCE, INCLUDING SUBJECTS (SUCH AS OIL PRICE AND SUPPLY ARRANGEMENTS AND ECONOMIC COOPERATION) AND REPRESENTATION (B) UNGA SPECIAL SESSION (C) CONSULTATIONS WITH OTHERS: TIMING AND MODALITIES, INCLUDING CONTACTS WITH INDUSTRIALIZED CONSUMERS, DEVELOPING COUNTRIES AND OIL PRODUCERS AND (D) CONSULTATIONS WITH OTHERS: SUBSTANCE.

2. TEXT OF UK PAPER FOLLOWS:

RELATIONS WITH PRODUCERS, OTHER CONSUMERS AND DEVELOPED COUNTRIES

INTRODUCTION

1. AT ITS MEETING ON 13-14 MARCH, THE COORDINATING GROUP INVITED THE UNITED KINGDOM, IN CONSULTATION WITH DENMARK AND JAPAN, TO PREPARE A DISCUSSION PAPER ABOUT: (A) A PRODUCER/CONSUMER CONFERENCE; (B) DEVELOPING CONTACT WITH OTHER CONSUMER COUNTRIES, WITH DEVELOPING COUNTRIES AND WITH OIL PRODUCERS; (C) A TIMETABLE FOR SUCH CONTACTS.

THIS PAPER IS A FIRST RESPONSE TO THAT INVITATION.

2. THE UNITED KINGDOM DELEGATION HAS CONSULTED REPRESENTATIVES OF DENMARK IN PREPARING THE PAPER. HOWEVER IN THE CASE OF JAPAN, THERE WAS INSUFFICIENT TIME TO COMPLETE CONSULTATIONS BETWEEN THE REPRESENTATIVES OF THE UNITED KINGDOM AND JAPAN. TIME DID NOT PERMIT THE PREPARATION OF A JOINT TEXT. THE PAPER IS DESIGNED TO SET OUT THE OPTIONS AS A BASIS FOR DISCUSSION BY THE GROUP. IT DOES NOT CONTAIN DETAILED PROPOSALS, OR REFLECT AN OFFICIAL BRITISH VIEW.

3. IT WILL BE IMPORTANT TO RECOGNIZE THAT DISCUSSIONS ABOUT, AND PREPARATIONS FOR, A CONFERENCE SHOULD NOT COMMIT US IRREVOCABLY IF AN ACCEPTABLE BASIS FOR SUCH A CONFERENCE CANNOT BE ESTABLISHED WITH THE PRODUCERS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 03970 01 OF 06 291216Z

ANY PREPARATORY APPROACHES SHOULD THEREFORE BE WITHOUT COMMITMENT, AND DESIGNED TO EXPLORE THE POSSIBILITY OF MUTUALLY SATISFACTORY ARRANGEMENTS FOR A CONTINUED DIALOGUE.

A. THE SHAPE OF A CONFERENCE

4. A MAJOR DECISION OF THE WASHINGTON CONFERENCE WAS TO PREPARE FOR A PRODUCER/CONSUMER CONFERENCE. THE COORDINATING GROUP SHOULD CONSIDER WHAT KIND OF CONFERENCE WE HAVE IN MIND:

(A) WHAT SHOULD IT DISCUSS? (PARAS 5 - 8)

(B) WHO SHOULD ATTEND IT? (PARAS 9 - 10)

SUBJECTS FOR A CONFERENCE

5. IT IS BOUND TO BE A POLITICAL EVENT WITH FULL PUBLICITY. BUT WE WANT TO AVOID A CONFRONTATION AND TO WORK TOWARDS SERIOUS JOINT STUDY OF THE COMPLEX ECONOMIC, TECHNICAL AND POLITICAL ISSUES INVOLVED IN THE ENERGY CRISIS. OUR OBJECTIVES FOR THE CONFERENCE ARE CLEAR FROM THE WASHINGTON COMMUNIQUE AND THE TERMS OF REFERENCE. WE WANT TO IDENTIFY INTERESTS COMMON TO PRODUCERS AND CONSUMERS AND TO BUILD ON THEM. WE HOPE THAT THE OUTCOME WOULD BE AN ORDERLY FRAMEWORK FOR THE INTERNATIONAL ENERGY TRADE WHICH RESPONDS TO THE LEGITIMATE INTERESTS OF PRODUCERS, CONSUMERS AND DEVELOPING COUNTRIES.

6.DETAILED PROPOSALS FOR AN AGENDA MUST AWAIT FURTHER

CONFIDENTIAL

NNN

CONFIDENTIAL POSS DUPE

PAGE 01 LONDON 03970 02 OF 06 291221Z

43

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

FRB-02 IO-14 NEA-10 OPIC-12 LAB-06 SIL-01 SWF-02

SSO-00 NSCE-00 USIE-00 INRE-00 PA-04 PRS-01 OIC-04

DRC-01 /221 W

----- 009003

O R 291202Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9146

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS
AMEMBASSY DUBLIN
AMEMBASSY TOKYO
AMEMBASSY OSLO
AMEMBASSY OTTAWA
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 02 OF 06 LONDON 03970

WORK OF THE GROUP IN OTHER FIELDS. NEVERTHELESS, IN
CONSIDERING THE POSSIBILITY OF EARLY CONTACT WITH OTHER
CONFIDENTIAL
CONFIDENTIAL

PAGE 02 LONDON 03970 02 OF 06 291221Z

COUNTRIES, THE GROUP MAY WISH TO HAVE A PRELIMINARY
EXCHANGE OF VIEW S ON A RANGE OF QUESTIONS WHICH MIGHT
ARISE AT THE CONFERENCE. THESE MIGHT INCLUDE THE ITEMS
LISTED IN PARAGRAPHS 7 AND 8 BELOW.

OIL PRICE AND SUPPLY.

7. PERHAPS THE MOST IMPORTANT SUBJECT CONCERNS ALTERNA-
TIVE ARRANGEMENTS FOR THE PRICE AND SUPPLY OF OIL. AT
PRESENT PRICES ARE LARGELY DETERMINED BY PRODUCERS. THE
ROLE OF THE COMPANIES IN DETERMING SUPPLY AND PRICES HAS
BEEN ERODED. THIS SITUATION COULD CHANGE FURTHER. IT
MIGHT BE POSSIBLE TO INTRODUCE AN ORDERLY FRAMEWORK FOR
THE INTERNATIONAL ENERGY TRADE WHICH RESPONDS TO THE
LEGITIMATE INTERESTS OF PRODUCERS, CONSUMERS AND DEVELOP-
ING COUNTRIES. THE FOLLOWING ELEMENTS MIGHT BE EXAMINED
FOR POSSIBLE INCLUSION IN SUCH A FRAMEWORK:

(A) THE POSSIBILITY OF A COMMODITY AGREEMENT, NEGOTIATED
BETWEEN CONSUMER AND PRODUCER COUNTRIES, WITHIN WHICH
SPECIFIC CONTRACTS WOULD BE NEGOTIATED BY COMPANIES
AND/OR COUNTRIES. SUCH AN AGREEMENT COULD INCORPORATE
MECHANISMS FOR DETERMINING PRICE AND COMMITMENTS TO
VOLUMES OF PRODUCTION. VARIOUS FORMULAE CAN BE EN-
VISAGED FOR THESE COMMITMENTS WHICH MIGHT BE SUBJECT
TO PERIODICAL REVIEW IN THE LIGHT OF THE DEVELOPMENT OF
DEMAND AND COSTS OF PRODUCTION FOR OIL AND ALTERNATIVE
FUELS OR OTHER RELEVANT CRITERIA.

(B) THE POSSIBILITY OF PREPARING A SET OF CRITERIA FOR
DETERMINING THE PRICE OF OIL.

(C) ARRANGEMENTS FOR REGULAR CONSULTATION BETWEEN CON-
SUMERS AND PRODUCERS ON THE STATE OF THE WORLD ECONOMY
AND THE ROLE OF THE PETROLEUM INDUSTRY IN IT, THE SUPPLY
AND DEMAND OUTLOOK, THE TRANSFER OF TECHNOLOGY, ETC.
BACKED BY COOPERATION BETWEEN CONSUMERS, THIS MIGHT
HELP TO ESTABLISH A MORE HARMONIOUS AND ENDURING
RELATIONSHIP BETWEEN PRODUCERS AND CONSUMERS.

(D) A NEW INTERNATIONAL INSTITUTION - EG A STANDING
CONFERENCE WITH A SMALL SECRETARIAT; A UN AGENCY; A
WORLD ENERGY INSTITUTE.

ECONOMIC COOPERATION

8. OTHER SUBJECTS WHICH MIGHT ARISE AT THE CONFERENCE
INCLUDE:

(A) THE ECONOMIC AND MONETARY PROBLEMS WHICH WILL ARISE

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 03970 02 OF 06 291221Z

OUT OF THE HUGE FINANCIAL SURPLUSES OF OIL PRODUCERS
AND THE LARGE BALANCE OF PAYMENTS DEFICITS OF CONSUMER
COUNTRIES (SEE ECG/8).

(B) THE SPECIAL DIFFICULTIES OF DEVELOPING COUNTRIES.

(C) PATTERNS OF ECONOMIC AND INDUSTRIAL COOPERATION
WITH OIL PRODUCERS APPROPRIATE TO ENCOURAGE EXPANDING
OIL PRODUCTION.

(D) INDUSTRIAL DEVELOPMENT; AND THE TRANSFER OF TECH-
NOLOGY.

(E) THE POSSIBILITY OF ASSOCIATING PRODUCERS WITH SOME
OF THE WORK UNDER CONSIDERATION IN OTHER AREAS OF THE
GROUP'S INTEREST (SEE ECG 1-5).

(F) THE OUTLOOK FOR THE INTERNATIONAL OIL MARKET (SEE
ECG 8/9, PARAGRAPH 4).

REPRESENTATION AT A CONFERENCE.

9. HOW LARGE A CONFERENCE DO WE HAVE IN MIND?

ESSENTIALLY THE CHOICE IS BETWEEN:

(A) A LARGE CONFERENCE, ON A WORLD SCALE, OPEN TO ANY
NATION. THIS WOULD ALMOST CERTAINLY MEAN A UN CONFER-
ENCE AND IN ANY CASE MIGHT ENCOURAGE POLITICAL ATTITUDES.
BUT IT WOULD SOLVE THE PROBLEMS OF REPRESENTATION.

(B) A SMALL CONFERENCE, REPRESENTATIVE OF THE MAIN
INTERESTS. THIS WOULD HELP SERIOUS ANALYSIS. BUT IT
POSES PROBLEMS OVER REPRESENTATION WHICH ARE CONSIDERED
IN LATER PARAGRAPHS OF THE PAPER.

(C) BOTH. IT WOULD BE POSSIBLE TO ENVISAGE A SMALL
GROUP OF INTERESTED STATES MEETING TO PREPARE A MAJOR
WORLD DEBATE.

IT IS POSSIBLE TO ENVISAGE A SERIES OF INTERMEDIATE
STAGES BEFORE A FULL-DRESSCONFERENCE - SOUNDINGS, TALKS-
ABOUT-TALKS, ETC - WHICH WOULD PROVIDE AN OPPORTUNITY TO
ASSESS WHAT KIND OF MEETING WOULD BE MOST FRUITFUL.

10. WITHIN THIS MAJOR CHOICE, THERE ARE A RANGE OF
POSSIBLE PATTERNS, INCLUDING THE FOLLOWING:

(A) A WORLD ENERGY CONFERENCE, PERHAPS UNDER UNITED
NATIONS AUSPICES, AS PROPOSED BY THE FRENCH.

(B) A SPECIAL MEETING OF SOME EXISTING BODY, IF AN
INSTITUTION WITH APPROPRIATE REPRESENTATION CAN BE
IDENTIFIED.

(C) A MEETING BETWEEN OPEC AND OECD, AS PROPOSED BY THE
SHAH, PERHAPS WITH REPRESENTATIVES OF DEVELOPING
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 LONDON 03970 02 OF 06 291221Z

CONFIDENTIAL

NNN

CONFIDENTIAL POSS DUPE

PAGE 01 LONDON 03970 03 OF 06 291224Z

43

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

FRB-02 IO-14 NEA-10 OPIC-12 LAB-06 SIL-01 SWF-02

SSO-00 NSCE-00 USIE-00 INRE-00 PA-04 PRS-01 OIC-04

DRC-01 /221 W

----- 009041

O R 291202Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9147

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 03 OF 06 LONDON 03970

COUNTRIES.

(D) A SMALLER GROUP, REPRESENTATIVE OF ALL THREE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 03970 03 OF 06 291224Z

INTERESTS INVOLVED, IF PRODUCERS AND DEVELOPING COUNTRIES CAN AGREE.

(E) AN INITIAL MEETING OF THREE OR FOUR KEY STATES AS RECENTLY SUGGESTED BY THE SAUDI-ARABIAN MINISTER FOR PETROLEUM.

(F) A MEETING ARRANGED BY THE OECD DEVELOPMENT CENTRE. WHICH PATTERN DOES THE COORDINATING GROUP PREFER? OUR POLICIES TOWARDS, AND ASSESSMENT OF THE PROBABLE OUTCOME OF, THE UNITED NATIONS ASSEMBLY ARE CLEARLY RELEVANT TO THIS DECISION. CONVERSELY, OUR EXPECTATIONS ON ENERGY WILL AFFECT OUR APPROACH TO THE SPECIAL SESSION.
B. THE UNITED NATIONS WORK

11. THE SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY ON RAW MATERIALS AND DEVELOPMENT IS TO OPEN IN NEW YORK ON 9 APRIL. THIS SESSION WILL REPRESENT:

(A) AN OPPORTUNITY FOR ALL THOSE AFFECTED BY THE ENERGY CRISIS TO EXCHANGE VIEWS ON THIS AND RELATED MATTERS;

(B) AN OPPORTUNITY FOR DISCREET CONSULTATION IN THE CORRIDORS WITH OTHERS CONCERNED;

(C) THE OCCASION FOR DECISIONS TO BE TAKEN ON A PROGRAMME OF FURTHER WORK IN THE UNITED NATIONS.

12. THE COORDINATING GROUP MAY WISH TO CONSIDER THE FOLLOWING PROPOSITIONS FOR THE LINE AT THE SPECIAL SESSION:

(A) THE PROPOSED CONSUMER/PRODUCER CONFERENCE IS NOT AN ALTERNATIVE TO UNITED NATIONS WORK BUT COMPLEMENTARY TO IT. IT IS INTENDED TO MAKE AN EFFECTIVE INPUT INTO THE WIDER INTERNATIONAL DEBATE.

(B) WE SHOULD PLAY A CONSTRUCTIVE PART IN THE SPECIAL SESSION, WORKING FOR CONSENSUS AND NOT FOR CONFRONTATION' THE QUESTION OF THE PRICES OF COMMODITIES OTHER THAN OIL WARRANTS DISCUSSION INDEPENDENTLY OF THE ENERGY SITUATION. NEVERTHELESS THE ECONOMIC CRISIS UNDER DISCUSSION IS ESSENTIALLY RELATED TO ENERGY. WHATEVER ARRANGEMENTS THE ASSEMBLY MAY MAKE FOR FURTHER WORK IN THE FIELD OF COMMODITIES IN GENERAL, SUCH ARRANGEMENTS SHOULD NOT PRECLUDE CONTINUING INTERNATIONAL CONSULTATION SPECIFICALLY ON ENERGY.

13. WHAT INSTITUTIONAL FRAMEWORK IN THE UN DO WE PREFER?

(A) DO WE WANT ENERGY TO FIGURE AS A SEPARATE ITEM ON

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LONDON 03970 03 OF 06 291224Z

THE AGENDA OF THE SESSION? WOULD SUCH A PROPOSAL SUCCEE
SUCCEED?

(B) DO WE WANT TO ENCOURAGE SUBSTANTIVE DEBATE ON ENERGY
QUESTIONS DURING THE SESSION? WILL THIS HAPPEN ANYWAY,
WHATEVER WE DO? WOULD THIS BE PREMATURE? SHOULD OUR
SPEECHES STRESS THE SUBJECT?

(C) DO WE WISH THE SESSION'S PROCEDURAL DECISIONS TO
INCLUDE PROVISION FOR FOLLOW-UP WORK IN THE UNITED
NATIONS SPECIFICALLY ON ENERGY? WOULD WE, FOR EXAMPLE,
WISH TO REMIT WORK ON ENERGY TO ECOSOC OR UNCTAD?

(D) HOW SHOULD ENERGY FIGURE IN ANY DECLARATION WHICH
THE ASSEMBLY MAY ADOPT?

(I) NOT SPECIFICALLY (ON THE GROUNDS THAT IT WOULD BE
DIFFICULT TO REACH AGREEMENT ON A FORMULA SATISFACTORY
TO ALL)?

(II) BRIEFLY, AMONGST OTHER ISSUES?

(III) EMPHATICALLY?

(E) DO WE FAVOUR NEW UN INSTITUTIONS?

(F) SHOULD WE PRESENT THE PRODUCER/CONSUMER CONFER-
ENCE AS PART OF THE FOLLOW-UP TO THE SPECIAL SESSION,
OR EVEN SUGGEST THAT IT BE HELD UNDER UN SPONSORSHIP?

(G) HOW DOES THE FRENCH PROPOSAL FOR A WORLD ENERGY
CONFERENCE FIT IN WITH OTHER PROPOSALS? IT IS STILL
ON THE TABLE.

14. THE COORDINATING GROUP MAY WISH TO CONSIDER THESE
QUESTIONS AT ITS MEETING ON 3-4 APRIL, AND TO AGREE
THAT THE DELEGATIONS OF MEMBER COUNTRIES TO THE SPECIAL
ASSEMBLY SHOULD KEEP IN CLOSE TOUCH DURING THE SESSION,
BOTH WITH EACH OTHER AND WITH THE REPRESENTATIVES OF THE
EUROPEAN COMMUNITY WHO WILL BE THERE.

C. CONSULTATIONS WITH OTHERS: TIMING AND MODALITIES

15. THE WASHINGTON CONFERENCE AGREED THAT PREPARA-
TIONS FOR SUCH A MEETING SHOULD INVOLVE CONSULTATIONS

CONFIDENTIAL

NNN

CONFIDENTIAL POSS DUPE

PAGE 01 LONDON 03970 04 OF 06 291232Z

43

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

FRB-02 IO-14 NEA-10 OPIC-12 LAB-06 SIL-01 SWF-02

SSO-00 NSCE-00 USIE-00 INRE-00 PA-04 PRS-01 OIC-04

DRC-01 /221 W

----- 009129

O R 291202Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9148

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 04 OF 06 LONDON 03970

WITH OTHER INDUSTRIALIZED CONSUMER COUNTRIES, WITH
DEVELOPING COUNTRIES, AND WITH PRODUCER COUNTRIES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LONDON 03970 04 OF 06 291232Z

THE COORDINATING GROUP MAY WISH TO CONSIDER HOW AND
WHEN SUCH CONSULTATIONS SHOULD TAKE PLACE.

CONTACTS WITH OTHER INDUSTRIALIZED CONSUMERS

16. OTHER MEMBERS OF OECD HAVE SHOWN A LIVELY INTEREST

IN THE WORK OF THE GROUP. THEY NATURALLY WISH TO

COOPERATE AS OPPORTUNITY OFFERS (E.G., IN THE WORK

WHICH IS TO BE PURSUED THROUGH OECD). IN ANY CASE

IT IS DESIRABLE TO KEEP THEM CONTINUOUSLY INFORMED.

THE ONLY QUESTION IS HOW. THE POSSIBILITIES INCLUDE:

(A) NORMAL BILATERAL CONTACT WITH MEMBERS OF THE GROUP

WILL NO DOUBT SERVE TO KEEP THEM GENERALLY INFORMED.

(B) AT ITS MEETING ON 13-14 MARCH, THE GROUP ASKED THE REPRESENTATIVE OF THE SECRETARY-GENERAL OF OECD TO REPORT IN GENERAL TERMS TO THE COUNCIL.

(C) IT WOULD BE POSSIBLE TO ARRANGE IN ADDITION FOR REGULAR PROGRESS REPORTS TO BE MADE TO MEETINGS OF THE COUNCIL, THE OIL COMMITTEE AND ITS HIGH LEVEL GROUP AND TO THE ENERGY COMMITTEE.

(D) IF MORE EXTENSIVE BRIEFING WERE REQUIRED, THIS COULD BE ARRANGED, FOR EXAMPLE, BY ASKING INDIVIDUAL MEMBERS OF THE GROUP TO UNDERTAKE TO KEEP IN TOUCH WITH SPECIFIC CONSUMER GOVERNMENTS.

17. FRANCE IS IN THE SPECIAL POSITION OF A MEMBER OF THE EUROPEAN COMMUNITY AND A PARTICIPANT IN THE WASHINGTON CONFERENCE WHO HAS NOT PARTICIPATED IN THE WORK OF THE GROUP. THE FRENCH JOINED IN THE WORK WHICH IS BEING PURSUED IN OECD. ARRANGEMENTS HAVE BEEN MADE TO KEEP THEM FULLY INFORMED OF THE GROUP'S OTHER WORK.

18. THE GROUP WILL NEED TO CONSIDER IN DUE COURSE WHETHER OTHER MEMBERS OF OECD SHOULD BE INVITED TO ANY REPRESENTATIVE BUT RESTRICTED PRODUCER/CONSUMER CONFERENCE THAT MAY BE CALLED. THIS QUESTION WILL BE EASIER TO ANSWER WHEN THE PATTERN OF REPRESENTATION OF OIL PRODUCERS AND DEVELOPING COUNTRIES BECOMES CLEARER.

19. THE GROUP SHOULD ALSO CONSIDER IN DUE COURSE WHETHER ANY STEPS ARE NECESSARY TO CONSULT THE SOVIET UNION AND ITS ALLIES.

CONTACTS WITH DEVELOPING COUNTRIES

20. DEVELOPING COUNTRIES HAVE BEEN SEVERELY AFFECTED
CONFIDENTIAL
CONFIDENTIAL

PAGE 03 LONDON 03970 04 OF 06 291232Z

BY THE ENERGY CRISIS AND HAVE A LEGITIMATE INTEREST IN MEASURES BEING TAKEN TO COMBAT IT, BOTH IN THE GROUP AND ELSEWHERE.

21. ONE POSSIBILITY DISCUSSED AT WASHINGTON WAS TO HOLD A FURTHER CONFERENCE AT MINISTERIAL LEVEL OF BOTH INDUSTRIALIZED AND DEVELOPING CONSUMER COUNTRIES. SUCH A CONFERENCE WOULD HELP TO TAKE ACCOUNT OF THE SPECIAL PROBLEMS FACING DEVELOPING COUNTRIES IN THE NEW SITUATION. THERE MIGHT HOWEVER BE SERIOUS DIFFICULTIES IN ARRANGING SUCH A MEETING AND ITS PURPOSE MIGHT BE MISCONSTRUED. THE COORDINATING GROUP MAY WISH TO CONSIDER WHETHER A WIDER CONFERENCE OF CONSUMER COUNTRIES SHOULD BE EXCLUDED AT THIS STAGE.

22. EARLY CONSULTATION WITH THE DEVELOPING COUNTRIES SHOULD BE CONSIDERED:

(A) TO INFORM THEM OF THE GROUP'S WORK AND REASSURE THEM OF ITS INTENTIONS;

(B) TO SOLICIT THEIR VIEWS AND THEIR COOPERATION;

(C) TO CLARIFY THE ISSUES INVOLVED IN THEIR REPRESENTATION.

SENATION AT A CONFERENCE (SEE PARAGRAPH 23 BELOW).
THE DEVELOPING COUNTRIES HAVE TAKEN THE LEAD IN
SUPPORTING THE PROPOSAL FOR A SPECIAL SESSION. THE
MOST APPROPRIATE COURSE MIGHT BE TO USE THE SESSION
FOR CONSULTATION WITH THEM. CONTACT GROUPS ARE IN
ANY CASE BEING SET UP IN NEW YORK TO FACILITATE CON-
SULTATIONS BETWEEN THE REGIONAL GROUPS. OR WE

CONFIDENTIAL

NNN

CONFIDENTIAL POSS DUPE

PAGE 01 LONDON 03970 05 OF 06 291233Z

43

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

FRB-02 IO-14 NEA-10 OPIC-12 LAB-06 SIL-01 SWF-02

SSO-00 NSCE-00 USIE-00 INRE-00 PA-04 PRS-01 OIC-04

DRC-01 /221 W

----- 009121

O R 291202Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9149

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

USMISSION OECD PARIS
USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 05 OF 06 LONDON 03970

MIGHT USE THE IBRD.

23. CONSULTATION WITH THE DEVELOPING COUNTRIES MAY
CONFIDENTIAL
CONFIDENTIAL

PAGE 02 LONDON 03970 05 OF 06 291233Z

NEED TO COVER THE QUESTION OF THEIR REPRESENTATION AT
A CONFERENCE. POSSIBLE WAYS IN WHICH THIS COULD BE
DONE INCLUDE THE FOLLOWING:

(A) THE COORDINATING GROUP COULD ITSELF SELECT THE
DEVELOPING COUNTRIES TO WHOM IT WISHED TO ADDRESS
INVITATIONS. THIS WOULD BE INVIDIOUS AND DIVISIVE.
THE POLITICAL DIFFICULTIES WOULD BE GREAT.

(B) THE COORDINATING GROUP COULD USE FOR THIS PUR-
POSE THE COMPOSITION OF AN EXISTING ORGANIZATION, E.G.,
THE GROUP OF TWENTY. BUT NO ORGANIZATION EXISTS
WITH THE IDEAL COMPOSITION.

(C) THE COORDINATING GROUP COULD INVITE DEVELOPING
COUNTRIES TO SELECT THEIR OWN REPRESENTATIVES - E.G.,
THROUGH THE GROUP OF 77 OR THE REGIONAL GROUPS AT
UN HEADQUARTERS.

24. THE COORDINATING GROUP MAY WISH TO CONSIDER
THE FOLLOWING POSSIBILITIES:

(A) THE DELEGATION TO THE SPECIAL SESSION OF THE
CHAIRMAN OF THE GROUP MIGHT BE CHARGED TO CONSULT
DEVELOPING COUNTRIES ON HOW THEY COULD BE REPRESENTED
AT A PRODUCER/CONSUMER CONFERENCE. THIS MIGHT BE DONE
THROUGH APPROPRIATE CONTACT GROUPS, OR THROUGH THE
CHAIRMAN OF THE REGIONAL GROUPS AT UN HEADQUARTERS
FOR AFRICA, ASIA AND LATIN AMERICA. YUGOSLAVIA WOULD
IN THIS CASE NEED TO BE CONSULTED SEPARATELY.

(B) EACH MEMBER OF THE COORDINATING GROUP COULD TAKE
APPROPRIATE OPPORTUNITIES - BOTH DURING THE SPECIAL
SESSION AND IN BILATERAL DIPLOMATIC CONTACT - TO
CONSULT THOSE DEVELOPING COUNTRIES WITH WHOM THEY
HAVE THE CLOSEST RELATIONS, AND REPORT BACK TO THE
NEXT MEETING OF THE GROUP.

CONTACTS WITH OIL PRODUCERS

25. EARLY CONSULTATION WITH THE PRODUCERS SHOULD BE
CONSIDERED:

(A) TO INFORM THEM OF THE GROUP'S WORK AND INTENTIONS;
(B) TO SOLICIT THEIR VIEWS AND THEIR COOPERATION;
(C) TO CONSULT THEM ON THE FORM OF A PRODUCER/
CONSUMER CONFERENCE.

26. THE MODALITIES OF AN APPROACH TO PRODUCERS NEED
CAREFUL CONSIDERATION. SINCE OPEC EXISTS, IT SEEMS

SENSIBLE TO USE IT FOR THIS PURPOSE. THE ALTERNATIVES
CONFIDENTIAL
CONFIDENTIAL

PAGE 03 LONDON 03970 05 OF 06 291233Z

INCLUDE THE FOLLOWING:

- (A) A CENTRALIZED APPROACH, BY THE CHAIRMAN OF THE COORDINATING GROUP TO THE SECRETARY-GENERAL OF OPEC IN VIENNA (OR THE CURRENT CHAIRMAN OF OPEC IN TEHRAN). THIS MIGHT BE ACCOMPANIED BY PARALLEL APPROACHES BY THE DIPLOMATIC REPRESENTATIVES OF THE CHAIRMAN'S GOVERNMENT IN OPEC CAPITALS.
- (B) A DIVISION OF LABOUR, THE CHAIRMAN APPROACHING THE CHAIRMAN OF OPEC IN TEHRAN AND SOME OTHER MEMBERS OF THE GROUP, BY PRIOR ARRANGEMENT, APPROACHING THOSE OPEC COUNTRIES WITH WHICH THEY HAVE CLOSE RELATIONS.
- (C) CONCERTED BUT SEPARATE BILATERAL APPROACHES BY ALL MEMBERS OF THE COORDINATING GROUP IN ALL OPEC CAPITALS WHERE THEY ARE REPRESENTED. THIS MIGHT BE SUPPLEMENTED BY A DIRECT APPROACH BY THE CHAIRMAN TO OPEC IN VIENNA.
- (D) AN EMISSARY OR EMISSARIES TO ALL OPEC CAPITALS OR SOME OF THEM.
- (E) MESSAGES FROM MINISTERS.
- (F) LOBBYING IN THE MARGIN OF THE SPECIAL SESSION ON THE LINES SUGGESTED ABOVE FOR DEVELOPING COUNTRIES.
- (G) NORMAL BILATERAL CONTACTS WITHOUT ANY APPROACH IN THE NAME OF THE GROUP.
- (H) AN INSTITUTIONAL CONTACT, E.G., BETWEEN OECD AND OPEC SECRETARIATS.

D. CONSULTATIONS WITH OTHERS: SUBSTANCE

27. THIS PAPER ASSUMES THAT OTHER INDUSTRIALIZED CONSUMERS SHOULD BE KEPT CONTINUOUSLY INFORMED IN GENERAL TERMS OF THE WORK OF THE GROUP (PARAS 15-19 ABOVE). THE TIMING OF THE GROUP'S CONTACTS WITH DEVELOPING COUNTRIES AND OIL PRODUCERS WILL CLEARLY AFFECT WHAT CAN BE SAID TO THEM.

28. THE GROUP WILL NEED TO CONSIDER FURTHER WHAT A SUBSTANTIVE APPROACH SHOULD CONTAIN. IF NO COMPLETE AGREEMENT ON THIS IS REACHED ON 3-4 APRIL, THE GROUP MAY WISH TO CONSIDER THE MERITS OF AN EARLY PRELIMINARY APPROACH WHICH MIGHT CONTAIN THE FOLLOWING

E E E E E E E

ADP000
CONFIDENTIAL POSS DUPE

PAGE 01 LONDON 03970 06 OF 06 291238Z

43
ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

FRB-02 IO-14 NEA-10 OPIC-12 LAB-06 SIL-01 SWF-02

SSO-00 NSCE-00 USIE-00 INRE-00 PA-04 PRS-01 OIC-04

DRC-01 /221 W

----- 009200

O R 291202Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 9150

INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY OSLO

AMEMBASSY OTTAWA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 06 OF 06 LONDON 03970

(B) WELCOME FOR THE SPECIAL SESSION (WHICH WAS WELCOMED
IN THE WASHINGTON COMMUNIQUE). WE LOOK FORWARD TO A
CONFIDENTIAL
CONFIDENTIAL

PAGE 02 LONDON 03970 06 OF 06 291238Z

CONSTRUCTIVE DISCUSSION OF THE WORLD ECONOMIC SITUATION
IN THE LIGHT OF RECENT DEVELOPMENTS. ONE OF THESE
DEVELOPMENTS HAS BEEN THE ENERGY CRISIS.

(C) STATEMENT OF THE VIEW THAT PRODUCERS AND CONSUMERS
SHARE A COMMON INTEREST IN AN ORDERLY FRAMEWORK FOR
THE INTERNATIONAL ENERGY TRADE. SUCH A FRAMEWORK
CAN ONLY BE SOUGHT BY CONSULTATION BETWEEN PRODUCERS
AND CONSUMERS. ONE POSSIBILITY - ENVISAGED AT THE
WASHINGTON CONFERENCE - WOULD BE A CONFERENCE AT WHICH
OIL PRODUCERS, INDUSTRIALIZED CONSUMERS AND DEVELOPING
COUNTRIES WOULD BE REPRESENTED. THE COORDINATING GROUP
IS CONSIDERING VARIOUS WAYS OF APPROACHING THESE
PROBLEMS. IT WOULD BE HELPFUL IF DEVELOPING AND

PRODUCER COUNTRIES WOULD ALSO CONSIDER THEM. WE DO NOT WANT A POLITICAL CONFRONTATION, BUT A SERIOUS JOINT STUDY OFSBHE COMPLEX ECONOMIC, TECHNICAL AND POLITICAL ISSUES INVOLVED.

(D) EXPRESSION OF THE HOPE THAT WE COULD KEEP IN CLOSE CONTACT AT THE SPECIAL SESSION.

IF THE GROUP REACHES CONCLUSIONS AT ITS MEETING ON 3-4 APRIL ON THE KIND OF CONFERENCE IT WISHES TO PROMOTE, THE APPROACH COULD GO ON TO COMMEND THIS PATTERN TO PRODUCERS AND DEVELOPING COUNTRIES.

29. THE COORDINATING GROUP MAY WISH TO CONSIDER THE FOLLOWING:

(A) OTHER INDUSTRIALIZED COUNTRIES SHOULD FOR THE MOMENT BE KEPT INFORMED THROUGH OECD, SUPPLEMENTED AS NECESSARY BY BILATERAL CONTACTS, AS IN PARA 16(A) AND (B) ABOVE.

(B) DEVELOPING COUNTRIES SHOULD BE CONSULTED DURING THE SPECIAL SESSION ON THE LINES OF PARA 28 ABOVE, THROUGH THE CHANNELS SET OUT IN PARA 24 ABOVE.

(C) THERE SHOULD BE A PRELIMINARY APPROACH TO OPEC GOVERNMENTS IF POSSIBLE BEFORE 9 APRIL OR ALTERNATIVELY DURING THE SPECIAL SESSION ON THE LINES OF PARA 28 ABOVE, THROUGH THE CHANNELS SET OUT I PARA 26(A) OR

(B) ABOVE.

(D) THE GROUP SHOULD CONSIDER AT ITS FIRST MEETING IN MAY WHETHER WE ARE YET READY TO DETERMINE THE TERMS AND TIMING OF A SECOND APPROACH TO ALL THREE GROUPS
CONFIDENTIAL
CONFIDENTIAL

PAGE 03 LONDON 03970 06 OF 06 291238Z

PROPOSING THE TIMING AND AGENDA FOR A PRODUCER/
CONSUMER CONFERENCE.

SOHM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, FOREIGN RELATIONS, PETROLEUM, SUPPLIES, ECONOMIC CONDITIONS, PRICES, INTERGOVERNMENTAL COOPERATION, COMMITTEE MEETINGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON03970
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740069-0303
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974034/aaaaadpe.tel
Line Count: 800
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 15
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: OECD PARIS 7741
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 25 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAR 2002 by kelleyw0>; APPROVED <06 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECG - UK PAPER ON RELATIONS WITH PRODUCERS OTHER CONSUMERS AND DEVELOPING COUNTRIES
TAGS: ENRG, US, UK, DA, JA, SHAPE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005